

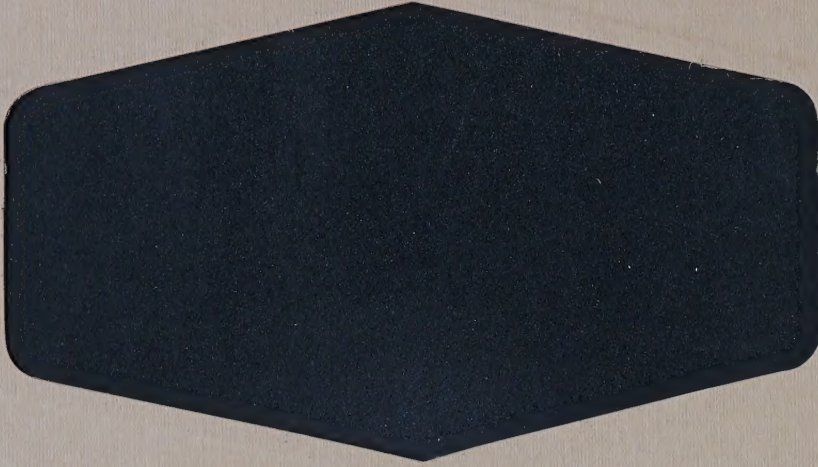
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*Canary*



ANNUAL REPORT 1975





ANNUAL REPORT 1972



# Highlights



	1975	1974*
Sales	\$291,047,578	\$204,385,407
Net income	2,586,855	1,341,127
Per share	\$1.32	70c
Working capital	\$ 8,982,360	\$ 7,686,869
Total assets	43,164,733	40,141,656
Shareholders' equity	10,543,383	8,191,390
Per share	\$5.38	\$4.18

\*The 1974 fiscal period consisted of 43 weeks only.

# Report to Shareholders

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We are pleased to report on another successful year of operations. Results this year cover the 52 week fiscal year ended January 25, 1975, as compared with the 43 week fiscal year ended January 26, 1974.

## Sales:

Record sales were achieved in both the Canadian and U.S.A. divisions resulting in total sales of \$291,047,578 for the 52 weeks this year as compared with \$204,385,407 for the 43 weeks last year.

## Earnings:

Net income was also a record in both divisions and on a consolidated basis was \$2,586,855 for the 52 weeks this year as compared with \$1,341,127 for the 43 weeks last year. On a per share basis earnings were \$1.32 this year as compared with 70c last year.

## Comparison:

In our reports for the first three quarters of this year it was explained that there were nine more weeks of Market Wholesale Grocery Co. included in operating results this year as compared with last year. This difference and the variation between 52 weeks this year and 43 weeks last year have been eliminated in the following summary.

	Canadian Division	U.S.A. Division	Consolidated
Sales increase	17%	18%	17%
Net income increase			
Before foreign exchange	15%	97%	51%
After foreign exchange	15%	120%	59%

## Financial Position:

As outlined in the Consolidated Statement of Changes in Financial Position accompanying this report, working capital increased \$1,295,491 during the year to \$8,982,360, a ratio of 1.4 to 1.

## Growth and Development:

We continue to place emphasis on the expansion and upgrading of our retail groups and supply depots. In August of this past year operations of our Calgary branch were moved to a new 150,000 square foot distribution centre. This new facility provides us with triple the cubic footage of our old warehouse, a complete fresh produce operation and greatly expanded refrigerated and freezing capacity. In addition, the latest mechanical and computer equipment is being utilized all in an effort to improve our service and selection of products to our many retailers in support of their continuing efforts to grow with us.



During the year under review a new 20,000 square foot IGA Foodmart was opened in the 200,000 square foot Prairie Mall shopping centre in Grande Prairie, Alberta and another new IGA unit was opened in Edmonton in replacement of older facilities. The IGA stores in Rocky Mountain House, Slave Lake and High River, Alberta were expanded, two older units were closed and one was transferred to our MM group of stores. Plans are presently being finalized to expand or replace six other IGA stores. Our other independent retailer groups continue to grow with the addition of six Mayfair, six Red Rooster, one Triple S and seventeen MM stores.

Our U.S.A. subsidiary, Market Wholesale Grocery Co., has finalized plans for a modern 160,000 square foot distribution centre on a 10 acre site in the Beard Industrial Park, Modesto, California in replacement of their present older warehouse. These premises which are expected to be completed in September of this year, will provide Market with expanded and improved facilities for continued growth and development in this area.

#### **Future:**

The unsettled economic conditions in both Canada and the U.S.A. make it difficult to forecast the future with any degree of certainty. We are aware, however, that the business climate of 1975 - 76 may differ greatly from that which prevailed this past year and realize that increased emphasis must be placed on the control of accounts receivable, inventories and operating expenses to ensure another profitable year of operations.

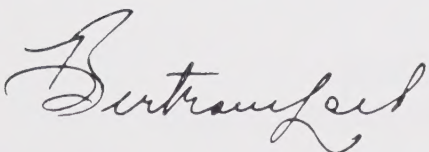
#### **Appreciation:**

The many achievements of the past year are due in greater part to the continuing loyalty and support of our many employees, affiliated retailers, customers and suppliers. To each of them we extend sincere appreciation from you and the members of the Board of Directors.

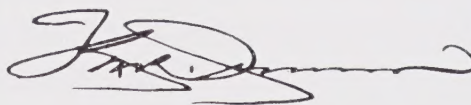
#### **Annual Meeting:**

Shareholders are cordially invited to attend the Annual General Meeting to be held at the Head Office of the Company, Edmonton, Alberta, on Thursday, May 22nd, 1975 at 11:00 o'clock in the forenoon.

On behalf of the Board of Directors.



Chairman of the Board.



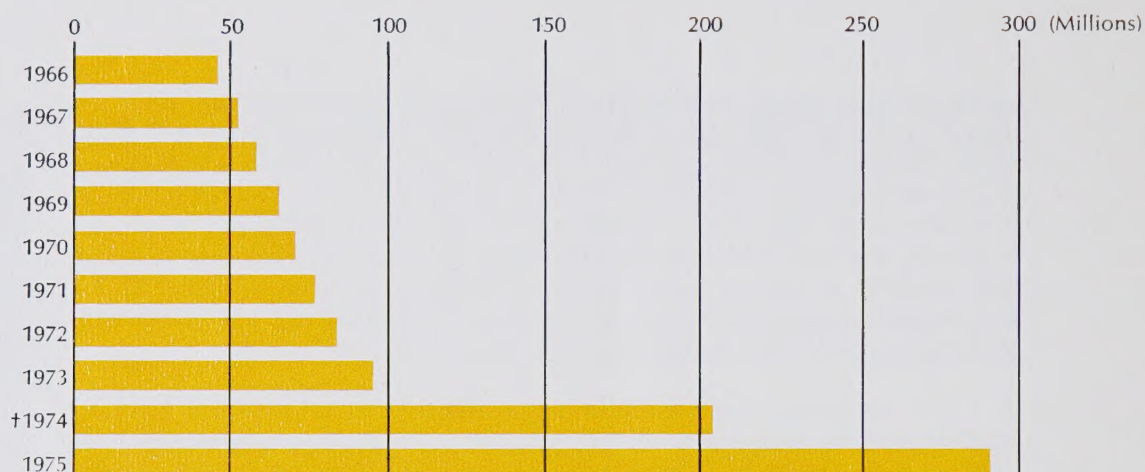
President.



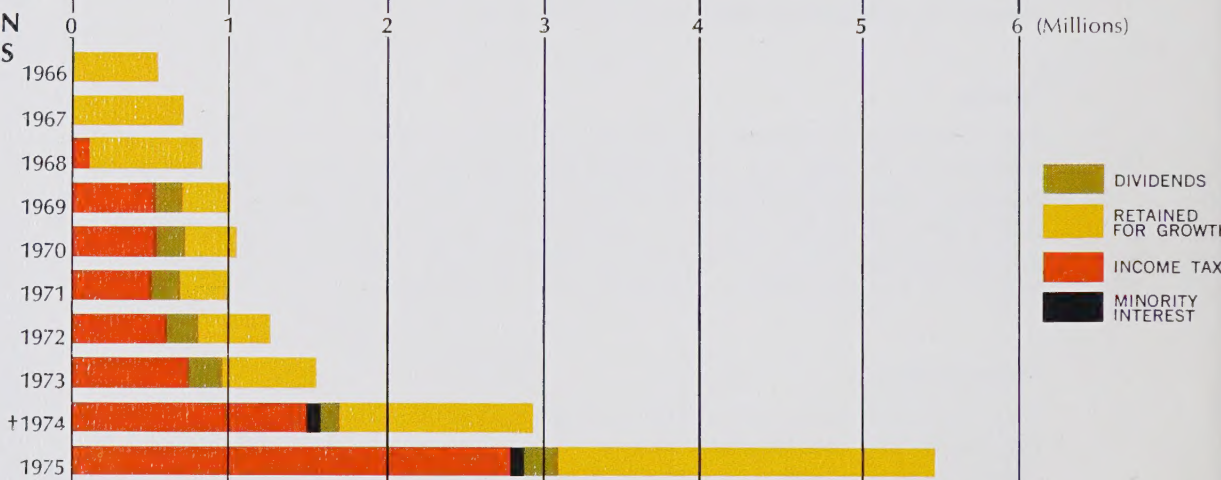


# Growth at a Glance

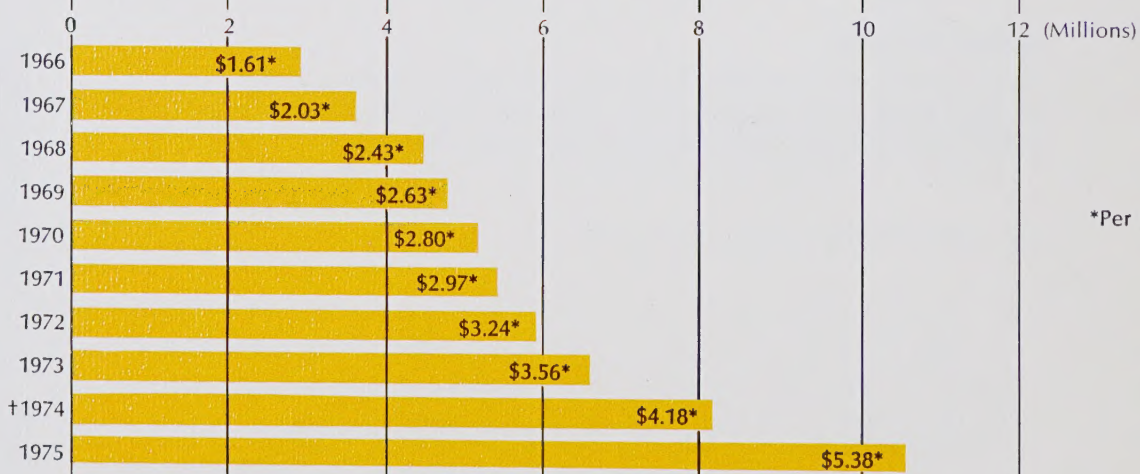
## SALES



## DISTRIBUTION OF EARNINGS



## SHARE-HOLDERS' EQUITY



\*Per Share

†The 1974 fiscal period consisted of 43 weeks only.

# Consolidated Statement of Income and Retained Earnings

FOR THE 52 WEEKS ENDED JANUARY 25, 1975

(with comparative figures for the 43 weeks ended January 26, 1974)

*Mr. Loeb Ltd. Doeb*  
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*Jan. 73*  
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*sub*

*454-2921*  
*52 wks vs 43 wks*  
*The greatest portion eliminated expenses of 0.5*  
*wholesale food dist*  
*calif*  
*IGA franchise a 90% Hawaii*

	1975 (52 weeks)	1974 (43 weeks)
Sales	<u>\$291,047,578</u>	<u>\$204,385,407</u>
Income before the undernoted	<u>\$ 7,927,525</u>	<u>\$ 4,651,116</u>
Interest on long term debt	<u>1,004,291</u>	<u>823,441</u>
Other interest	<u>335,319</u>	<u>113,823</u>
Depreciation	<u>1,095,105</u>	<u>752,974</u>
	<u>2,434,715</u>	<u>1,690,238</u>
Income before taxes	<u>5,492,810</u>	<u>2,960,878</u>
Income taxes – current	<u>2,810,809</u>	<u>1,496,653</u>
– deferred	<u>4,191</u>	<u>53,347</u>
	<u>2,815,000</u>	<u>1,550,000</u>
	<u>2,677,810</u>	<u>1,410,878</u>
Minority interest in earnings of subsidiary	<u>90,955</u>	<u>69,751</u>
Net income	<u>2,586,855</u>	<u>1,341,127</u>
Retained earnings at beginning of period	<u>3,546,211</u>	<u>2,322,579</u>
	<u>6,133,066</u>	<u>3,663,706</u>
Dividends	<u>235,062</u>	<u>117,495</u>
Retained earnings at end of period	<u>\$ 5,898,004</u>	<u>\$ 3,546,211</u>
Earnings per share (Note 10)	<u>\$1.32</u>	<u>.70c</u>



# Consolidated Balance Sheet

## January 25, 1975

(with comparative figures as at January 26, 1974)

### Assets

#### CURRENT:

	1975	1974
Cash	\$ 2,246,573	\$ 2,552,339
Accounts receivable	10,484,459	10,311,058
Inventories of merchandise (Note 2)	17,395,534	14,875,987
Prepaid expenses	450,958	303,596
Land, buildings and equipment held for sale, at the lower of cost and estimated realizable value	430,428	308,011
	<u>31,007,952</u>	<u>28,350,991</u>

#### DEFERRED:

Accounts receivable	694,088	853,769
Other	73,549	91,753
	<u>767,637</u>	<u>945,522</u>

#### FIXED, at cost:

Land and buildings (Note 3)	5,059,591	5,531,155
Equipment	9,670,495	7,991,281
	<u>14,730,086</u>	<u>13,522,436</u>
Less – Accumulated depreciation	6,470,933	5,677,571
	<u>8,259,153</u>	<u>7,844,865</u>

#### GOODWILL, at cost

3,129,991	3,084,991
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<u>\$43,164,733</u>	<u>\$40,226,369</u>
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## Liabilities

	1975	1974
<b>CURRENT:</b>		
Bank indebtedness (Note 4)	\$ 3,971,959	\$ 2,359,982
Accounts payable and accrued liabilities	15,253,121	16,817,602
Income taxes payable	1,491,872	263,621
Current portion of long term debt	1,308,640	1,222,917
	<u>22,025,592</u>	<u>20,664,122</u>
<b>LONG TERM DEBT</b> (Note 5)	8,473,862	9,513,269
<b>DEFERRED GAINS ON PROPERTY DISPOSALS</b> (Note 6)	427,967	84,713
<b>DEFERRED INCOME TAXES</b>	110,687	197,910
<b>MINORITY INTEREST</b> , including \$1,548,450 attributed to preferred shares	1,583,242	1,574,965
<b>SHAREHOLDERS' EQUITY:</b>		
Capital, shares of a par value of 20c each (Note 7)		
	<u>1975</u>	<u>1974</u>
Authorized – 5,000,000	5,000,000	
Issued – 1,958,854	1,958,754	
	391,771	391,751
Premium on share capital	4,253,608	4,253,428
Retained earnings	5,898,004	3,546,211
	<u>10,543,383</u>	<u>8,191,390</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 8)		
On behalf of the Board:		
BERTRAM LOEB, Director		
KENNETH W. QUINN, Director		
	<u>\$43,164,733</u>	<u>\$40,226,369</u>



# Consolidated Statement of Changes in Financial Position

FOR THE 52 WEEKS ENDED JANUARY 25, 1975

(with comparative figures for the 43 weeks ended January 26, 1974)

	1975 <u>(52 weeks)</u>	1974 <u>(43 weeks)</u>
Working capital was provided from:		
Operations	\$3,647,913	\$2,147,448
Disposal of fixed assets, net after related deferred income taxes of \$91,414 in 1975	1,881,856	97,439
Decrease (increase) in deferred assets:		
Accounts receivable	159,681	(181,584)
Other	8,205	(16,400)
Minority interest	8,277	26,515
Share capital issued	200	351,000
	<u>5,706,132</u>	<u>2,424,418</u>
Working capital was used to:		
Purchase fixed assets	3,091,172	2,028,275
Purchase goodwill	45,000	—
Decrease long term debt	1,039,407	1,037,810
Pay dividends	235,062	117,495
	<u>4,410,641</u>	<u>3,183,580</u>
Increase (decrease) in working capital	1,295,491	(759,162)
Working capital at beginning of period	7,686,869	8,446,031
Working capital at end of period	<u>\$8,982,360</u>	<u>\$7,686,869</u>



# Notes to Financial Statements

## 1. FOREIGN EXCHANGE:

The accounts of the California subsidiaries have been translated to Canadian dollars on the following basis:  
Current assets and current liabilities at the exchange rate prevailing at January 25, 1975.

Other balance sheet items at historical rates of exchange.

Income and expenses (other than depreciation expense translated at the rates applicable to related depreciable assets) at the average exchange rate prevailing during the year.

The foreign exchange gain of \$48,742 (1974 loss of \$44,925) arising from this translation has been credited to net income.

## 2. INVENTORIES OF MERCHANDISE:

Wholesale inventories are valued at the lowest of cost, replacement cost and net realizable value. Retail inventories are valued at the lower of cost and net realizable value.

## 3. LAND AND BUILDINGS:

Buildings constructed on leased properties and included in land and buildings have a net book value of \$574,361.

## 4. BANK INDEBTEDNESS:

The parent Company's bank loan of \$2,437,000 is secured by a floating charge debenture and a general assignment of book debts.

## 5. LONG TERM DEBT (Canadian funds):

U.S. 9% promissory notes secured by the shares of Market Management

Incorporated and by the guarantee of the Company

Canadian bank loan secured by a floating charge debenture

U.S. bank loan secured by the shares of Market Wholesale Grocery Co.

Property mortgages

Equipment loans secured by chattel mortgages

Other

	1975	1974
U.S. 9% promissory notes secured by the shares of Market Management Incorporated and by the guarantee of the Company	\$5,051,708	\$5,773,995
Canadian bank loan secured by a floating charge debenture	2,000,000	2,000,000
U.S. bank loan secured by the shares of Market Wholesale Grocery Co.	399,600	699,300
Property mortgages	591,743	607,269
Equipment loans secured by chattel mortgages	389,494	385,897
Other	41,317	46,808
	<u>\$8,473,862</u>	<u>\$9,513,269</u>

Instalments of principal due in the years 1977 to 1980 are \$1,687,000, \$1,551,000, \$1,759,000 and \$1,600,000.

## 6. DEFERRED GAINS ON PROPERTY DISPOSALS:

During the year the Company entered into a sale and leaseback arrangement for its newly constructed Calgary warehouse. The gain on disposal is being amortized over the term of the lease.

## 7. SHARE CAPITAL:

222,000 of the authorized but unissued common shares of the Company have been set aside to grant options to officers and senior employees and to provide for a stock purchase plan for other employees.

Options granted become exercisable at the rate of 20% per year on a cumulative basis commencing one year after the date of grants. Options to purchase 65,700 shares have been exercised to January 25, 1975, including 100 during the year.

Options outstanding at January 25, 1975 were:

Date of Grant	Option Price Per Share	Expiry Date	Outstanding January 25, 1975
December 12, 1969	\$2.55	December 1, 1975	2,000
September 29, 1970	\$2.00	September 1, 1976	25,800

There were no subscriptions outstanding at January 25, 1975 under the employees stock purchase plan.

## 8. COMMITMENTS AND CONTINGENCIES:

The companies have obligations under long term leases for rentals of warehouses and retail stores aggregating \$2,195,091 per annum of which \$1,113,611 is recoverable from sub-leases to others.

The companies are contingently liable as guarantors of bank loans to customers in the amount of \$380,398.

## 9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate direct remuneration paid by the Company and its subsidiaries to directors and senior officers was \$355,115.

## 10. EARNINGS PER SHARE:

If all of the shares issued during the year and under option at January 25, 1975 referred to in Note 7 had been issued at the beginning of the year there would be no material dilution of earnings per share.

# Auditors' Report

To the Shareholders of

Horne & Pitfield Foods Limited:

We have examined the consolidated balance sheet of Horne & Pitfield Foods Limited and its subsidiaries as at January 25, 1975 and the consolidated statements of income and retained earnings and changes in financial position for the fifty-two weeks then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 25, 1975 and the results of their operations and the changes in financial position for the fifty-two weeks then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

EDMONTON, ALBERTA  
April 7, 1975

PRICE WATERHOUSE & CO.  
Chartered Accountants



# Financial Summary

## Operating Results

	1966	1967	1968	1969
Sales	\$47,107,790	52,838,914	58,114,973	64,787,074
Depreciation	93,687	97,774	158,684	221,794
Income before taxes	540,239	728,706	828,080	1,036,083
Percent of sales	1.15	1.38	1.42	1.60
Per share	.30	.41	.46	.57
Income taxes	*	*	120,000	520,000
Net income	540,239	728,706	708,080	516,083
Per share	.30	.41	.39	.28
Cash flow	650,704	826,480	866,764	737,877
Per share	.36	.46	.48	.40
Dividends	—	—	—	182,546
Per share	—	—	—	10.0

\* No provision for income tax was required for these years due to the tax loss position of the companies consolidated.

† The 1974 fiscal period consisted of 43 weeks only.

## Financial Position

Working capital	1,639,381	2,167,367	2,564,837	2,537,363
Ratio	1.41:1	1.54:1	1.63:1	1.47:1
Total assets	6,970,884	7,806,908	8,990,386	10,743,006
Shareholders	3,861	3,966	4,163	3,655
Shares issued	1,790,691	1,790,691	1,813,191	1,830,454
Shareholders' equity	2,893,481	3,634,817	4,409,067	4,809,163
Equity per share	1.61	2.03	2.43	2.63

## Other Information

### Canadian:

Warehouses	9	9	9	10
Cash & Carry warehouses	3	4	4	4
IGA stores	63	68	74	76
MM stores	320	325	315	336
Mayfair stores	—	—	—	—
Red Rooster stores	—	—	—	—
Triple S stores	—	—	—	—

### U.S.A.:

Grocery warehouses	—	—	—	—
Frozen food warehouses	—	—	—	—
Cash & Carry warehouses	—	—	—	—



1970	1971	1972	1973	1974+	1975
70,588,634	75,085,642	84,775,830	94,009,263	204,385,407	291,047,578
251,138	306,138	330,513	438,935	752,974	1,095,105
1,056,904	1,010,309	1,301,797	1,595,223	2,960,878	5,492,810
1.50	1.35	1.54	1.70	1.45	1.89
.58	.55	.71	.87	1.54	2.80
560,000	520,000	625,000	755,000	1,550,000	2,815,000
496,904	490,309	676,797	840,223	1,341,127	2,586,855
.27	.27	.37	.46	.70	1.32
748,042	796,447	1,138,903	1,321,168	2,147,448	3,647,913
.41	.43	.62	.72	1.12	1.86
183,230	183,255	201,617	221,526	117,495	235,062
10.0	10.0	11.0	12.0	6.0	12.0

2,815,160	3,087,734	3,284,493	8,446,031	7,686,869	8,982,360
1.58:1	1.64:1	1.63:1	1.54:1	1.37:1	1.41:1
10,451,940	11,142,713	11,994,315	34,480,548	40,141,656	43,164,733
3,541	3,577	3,399	1,162	815	782
1,832,554	1,832,554	1,833,154	1,858,254	1,958,754	1,958,854
5,128,381	5,435,435	5,940,855	6,616,758	8,191,390	10,543,383
2.80	2.97	3.24	3.56	4.18	5.38

10	9	9	9	9	9
5	6	6	6	6	6
72	75	81	80	76	73
348	351	298	289	270	287
—	—	13	23	27	33
—	—	2	6	11	17
18	19	21	16	13	14

—	—	—	5	5	6
—	—	—	3	3	3
—	—	—	7	7	7



# Horne & Pitfield Foods Limited

## Directors

EDWARD E. BISHOP, Q.C.  
BRYAN A. ELLIS  
DAVID A. GOLDEN  
CARL R. GOSLOVICH  
BERTRAM LOEB  
DAVID B. LOEB  
H. EDWARD MOORE  
KENNETH W. QUINN, C.A.

## Officers

BERTRAM LOEB, Chairman of the Board  
KENNETH W. QUINN, C.A., President  
EDWARD E. BISHOP, Q.C., Secretary  
THOMAS JACKSON, Assistant Secretary  
A. NELSON GAHN, Vice-President, Canadian Wholesale Operations  
DAVID W. MELLOR, C.A., Vice-President and Treasurer  
RONALD J. GARLAND, Vice-President, Administration and Personnel

### CANADIAN DIVISION

NORMAN R. MAYDONIK,  
Director, Merchandising  
MELVIN G. LINDGREN,  
Director, IGA Stores  
WESLEY L. ARMENEAU,  
Director, Branch Operations  
THOMAS G. VAN DER WEIDE,  
Director, Corporate Stores  
DARRYL H. SMITH,  
Director, Advertising  
ROSS P. JENSEN,  
Director, Produce Operations  
ROBERT S. McKEE,  
Director, Meat Operations  
G. DENNIS McNAMARA,  
Director, MM Stores  
FREDERICK KNOPKE,  
Director, Data Processing  
MORLEY G. STANWAY, C.A.,  
Comptroller  
FREDERICK H. HARVEY,  
Manager, Calgary Branch  
WAYNE A. WAGNER,  
Assistant Manager, Calgary Branch  
JOHN M. FREEMAN,  
Manager, Edmonton Branch  
JOHN ANTON,  
Manager, Peace River Branch  
JULES R. WIEBE,  
Manager, Medicine Hat Branch  
LAWRENCE BROWN,  
Manager, Dawson Creek Branch  
DENNIS BRENNEN,  
Manager, Red Deer Branch  
WILLIAM WESKO,  
Manager, St. Paul Branch  
GORDON CLINE,  
Manager, Grande Prairie Branch  
KENNETH J. PENNINGTON,  
Manager, C. W. Boon & Co. Ltd.

### U.S.A. DIVISION

H. EDWARD MOORE,  
President  
CARL R. GOSLOVICH,  
Executive Vice-President and  
General Manager, Santa Rosa  
RAYMOND V. FERRUCCI,  
Senior Vice-President and  
General Manager, Modesto  
ARTHUR W. GRIX,  
Senior Vice-President and  
General Manager, Sacramento  
EDWARD J. LEBBOUS,  
Vice-President and  
General Manager, Glendale  
WILLIAM H. BIRTICIL, SR.,  
Vice-President and  
General Manager, Santa Clara  
JOHN "DEL" ELAM,  
Vice-President and  
General Manager, Eureka  
WALTER J. AMADOR,  
Vice-President and  
General Manager, Redding  
JOHN C. MOORE,  
Vice-President and  
General Manager, Fresno, Frozen Foods  
DAVID L. STAFFORD,  
Vice-President and  
General Manager, Fresno, Grocery  
HARRY MARKOWITZ JR.,  
Vice-President and Advertising Manager  
CHARLES E. DeBERRY, C.P.A.,  
Vice-President and Assistant Secretary  
HARRIET OROZ, Treasurer  
MARY T. HOPKINS, Secretary  
GLENN A. WEDIN, Assistant Secretary

**Bankers** The Toronto-Dominion Bank: The Bank of California

**Registrars & Transfer Agents** Montreal Trust Company

**Auditors** Price Waterhouse & Co.

**Listed On** Toronto Stock Exchange: Montreal Stock Exchange









**HORNE & PITFIELD**  
FOODS LIMITED

HEAD OFFICE 14550-112 AVENUE, EDMONTON, ALBERTA  
T5M 2V1